

The Director of Central Intelligence
Washington, D.C. 20505

11 September 1984

National Intelligence Council

Ms. Janet L. Norwood, Commissioner
Bureau of Labor Statistics
U.S. Department of Labor
Washington, D.C. 20212


Dear Ms. Norwood,

You have been sending me on a regular basis BLS estimates of alternative measures of industrial countries' export prices to OPEC. We have found these estimates to be quite useful and would very much like to continue receiving them. I suggest, however, that you send them directly to the CIA office which has the main responsibility for analysis of international trade and energy markets. The Director of this office, the Office of Global Issues, Room 3600, CIA, Washington, D.C. 20505.

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Thank you again.

Sincerely yours,


Maurice C. Ernst
National Intelligence Officer
for Economics

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SEP 6 1984

U.S. Department of Labor

Commissioner for
Bureau of Labor Statistics
Washington, D.C. 20212



D/OGI

Mr. Maurice Ernst
National Intelligence Officer/Economics
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Ernst:

Enclosed are our latest series of estimates of alternative measures of industrial countries' export prices to OPEC and of OPEC crude oil price per barrel as measured by U.S. crude oil import prices valued at foreign ports of loading.

For the United States, Germany, and Japan, the three countries for which reliable export price data are available, we estimate that export prices in dollars to OPEC increased 1.0 percent in the first quarter of 1984 (Table 2). This increase is the result of a slight rise in the price of Japanese and German exports to OPEC, in dollar terms, combined with a moderate increase in U.S. export prices. The rise in Japanese dollar prices resulted from the appreciation of the yen during the quarter, while German dollar prices edged up in spite of the depreciation of the deutschemark.

The price of U.S. crude oil imported from OPEC declined 0.5 percent in the first quarter, compared with the estimated 1.2 percent increase in U.S. export prices to OPEC. The price index of crude oil imported from all sources declined 0.5 percent during the first quarter of 1984.

The enclosed tables include the export price series used in the calculation of the aggregate price series (Table 1), as well as several estimates of industrial countries' export price trends to OPEC using different types of export price data for the industrial countries (Tables 2 and 3). Another table (Table 4) compares these aggregate price series with a price series which shows our estimates for the OPEC crude oil price per barrel. The final table (Table 5) shows our estimates of crude oil prices per barrel from all sources, from non-OPEC countries, and from selected regions and individual countries. The aggregate price series are calculated both in terms of the national currencies of each of the countries and also in terms of U.S. dollars, so that the impact of exchange rate fluctuations on the estimates can be observed. For information on the general methodology used to calculate the series and sources of data, please refer to the footnotes to each table and to our publication, Estimating Price Trends of Industrial Countries' Exports to OPEC.

Mr. Maurice Ernst--2

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The series of estimates based on export price indexes for Germany, Japan, and the United States is calculated through the first quarter of 1984. The remaining series include information only through the fourth quarter of 1983, due to time lags involved in obtaining export unit value indexes from the foreign countries. Also note that the aggregate series are recalculated quarterly to include revisions of the underlying price data published by each of the countries.

The index of the f.o.b. foreign port prices of U.S. crude oil imports from OPEC is calculated from Department of Energy crude oil import transaction prices (see Table 4). Also included in this transmittal are separate price indexes of U.S. crude petroleum imports from all sources, from non-OPEC countries as a group, and from selected regions and individual countries (see Table 5); a description of the methodology used in the calculation of these indexes is available on request.

These new estimates revise and supplant earlier series transmitted in our letter of April 1984. If you have any questions concerning these estimates, please contact me or Mr. Edward E. Murphy, Chief of the Division of International Prices, on 272-5025.

Sincerely yours,



JANET L. NORWOOD
Commissioner

Enclosures